

CLOSING MARKET LIFELESS AFFAIR

ollapse of Speculative Structure Result of the Top-Heavy Condition

New York, Nov. 18.—The professional traders evidently completed the bulk of the usual week-end evening up operations yesterday. In all events, there was a striking dislocation manifested by the conflicting forces in today's stock market to take much of a chance on either side. As a result, the trading was extremely dull and colorless. With very few exceptions, net changes were both unimportant and colorless.

The main body of stocks opened after, with a pronounced curtailment of dealings, but the usual active leaders did not vary much either way. Some pressure dropped out in scattering parts of the list, reflecting belated adjustment of marginal accounts, but was without effect other than dulling the edge of the trading atmosphere. In the last part of the abbreviated session the market was disposed to sag.

Early bond prices today were irregular, trading being comparatively dull and change largely of a fractional character. Foreign bonds were inclined to sell off. Bordeaux 6s, French 7 1/2s, Prague 7 1/2s, Paris Lyons Mediterranean 4 1/2s, and U.S. 4 1/2s were selling at fractional concessions.

The movement in railroad mortgages was conflicting. Atlantic Coast Line is dropping a point and Western convertible 6s a half point, while "Katy" first & St. Paul convertible 4 1/2s were pushed to a slightly lower level. Pennsylvania, Pan-American Petroleum 7s and Duquesne Light 6s slipping backward, while Detroit Edison 6s and Mexican Petroleos 6s made moderate gains. Liberty issues held steady.

It is now generally admitted, very reluctantly on the part of standpatters, that the market of 1922 has become a matter of history. Within the last three weeks, although the actual reactionary movement has been in progress for more than six weeks, it once more has been very emphatically exemplified, much to the discomfort and loss of many. This is due mainly to the fact that the stocks are inflated.

Within the three weeks period, over a third of the advance scored in the forward swing of the preceding fourteen months was cancelled. This, however, is not a new experience. To the contrary, it is an oft-told tale to be found on the pages of the early interesting financial news papers.

The downward plunge of stock values gained surprising, at times alarming, momentum this week and no favorites were played. When Wall Street hung up the shutters, today there were many of the big speculative favorites right at the bottom of the decline. A few days ago a customer asked a moment of time at the New York commission houses: "What is the matter with the market?" The broker hesitated a moment, then replied:

"Well, for about fourteen months they have been discounting most everything there was in sight, and then some more."

That told the story in a nut shell. There is no more relationship between the acute un-settlement of the security markets, and outside conditions at the moment than there is between a Georgia Negro and a pig tail on Northern China.

In the early part of the fall, there was unquestionable sentiment that one would believe it, that the big favorites were slipping from under the market in all quarters under the cover of a well-planned and well-played barrage of the sensational kiting of the high-priced industrial specialties, with a candidate of the new finance financing of the market.

Within the last three weeks, professional traders unquestionably were undermining the market, backed up by the now acknowledged over extension of public speculative interest, assisted, in turn, by pool liquidation and withdrawal of support by managers of the favored and overvalued speculative combinations. Under such circumstances, the semi-collapse of the market's speculative superstructure should occasion little surprise. As a matter of fact, it is remarkable the crumbling of values was conducted in such an orderly manner. Because of the widespread nature of the liquidation, and the severe depreciation of security values, there are not a few observers of the opinion that much of the unhealthy side of the situation already has been corrected. Unfortunately, signs and conditions do not confirm this view. On the contrary, while the market unquestionably is entitled to a substantial technical rally, which it will give, the present price is lacking to indicate either the liquidation or technical adjustment is completed.

The average layman finds it difficult to reconcile the downward trend of the market with so many favorable dividend actions. These included some generous extra dividends, resumption of payments in some cases, and the giving of stock dividends by others. In the first place, this is one of the things the market was busily discounting when the tide of values was upward. In the second place, some of the dividend actions were obviously entirely unwarranted. So many concerns are not making enough money to put out a respectable net income return, and probably will be unable to do so in the near future. There has been a lot of noise about big business, but the rising cost of production was entirely overlooked.

NEW YORK STOCK MARKET

Only Afternoon Report in Philadelphia Quoting Full List

Today's sales..... 275,000 shares
Yesterday's sales..... 985,000 shares
Totals for this week..... 5,004,100 shares

TRADING LIMITED IN LOCAL MARKET

Some Phila. Corporations Likely to Contract the Stock Dividend Epidemic

The outstanding feature of the local market in the short interval of trading was the pronounced contraction of operations both speculatively and from an investment standpoint. This was easily traceable to the decreased interest on the part of the so-called public and the general adoption of a waiting policy in the situation in the New York market.

There were some wide changes in prices as result of the narrowness of the market, but these changes were not to be regarded seriously. Among the few noticeable developments was the further sinking of Lake Superior Corporation to 3 1/2, equal to the low record set last year in the widespread liquidating movement.

On the other hand, Pennsylvania Railroad stock was much firmer at 47. Little was done in the utility group, which continued to hold ground well. U. G. I. apparently found support at 15 1/4. American Stores moved up 1 1/4 to 15 1/4.

This is mere, at best, speculation as to when the prevalent disease of the financial world "distribution of accumulated surpluses" will reach the Philadelphia corporations. Some few of the local concerns, despite the hard knocks of recent years, have shown some very juicy options, which appear to be approaching the ripening stage.

The surplus capitalization is the outgrowth of misgivings concerning new taxation ideas.

While some of the more alarming suggestions are deemed by the Washington administration as nevertheless ideas not altogether pleasant to the financial taste, from all accounts, will be urged by other legislators of wide experience in the present Congress, who will doubtless hold important committee hearings in the body to function in March of next year.

As a well-known New York financial interest remarked a few days ago:

"The matter has gone beyond narrow political interpretations and it may involve new legislative efforts to reach profits of the war period accumulated as a working capital to the extent and according to the needs of ordinary business, and which would have been taxable as dividends if distributed to stockholders."

The Standard Oil group was the first to see this. Many other of the larger industrial corporations have been in touch with the same view, and unless there should be a sudden and permanent change in the wind, it is more than likely many others will be prompt to follow in the same footsteps.

NEW YORK BANK STATEMENT

Reserve Under Legal Requirements

Second Time This Month

The New York Clearing House institutions this week show a deficit of \$19,642,000 of legal reserve requirements, making a second time this month the surplus has been extinguished. This resulted mainly because of the loss of \$525,490,000 in reserve credit at the First National Reserve Bank. Liabilities were slightly reduced in net demand deposits.

Loans and discounts despite the week's heavy liquidating movement on the Stock Exchange showed an increase of \$6,577,000.

Details follow:

AVERAGE

Each Week Last Week

Excess reserves..... \$1,171,510,000

Aggregate res. 522,601,000

Ass't. res. 4,571,244,000

Dep't. res. 4,584,151,000

Surplus res. 522,601,000

Member banks' res. 522,601,000

Reserve bank' res. 522,601,000

Reserve banks' res. 522,601,000